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DEPARTMENT OF AUDITOR-CONTROLLER**

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September 13, 2006

TO: Audit Committee

FROM: J. Tyler McCauley *tn*
Auditor-Controller

SUBJECT: **SUNSET REVIEW FOR THE LOS ANGELES COUNTY COMMISSION
ON INSURANCE**

RECOMMENDATION

The Audit Committee recommend to the Board of Supervisors (Board) to extend the Los Angeles County Commission on Insurance's sunset review date to March 31, 2011.

BACKGROUND

The Commission on Insurance (Commission) was established by the Board and has been continued pursuant to Chapter 3.35 of the Los Angeles County Code. The most recent extension was approved by the Board in June 2003.

The Commission is intended to act in an advisory capacity to the Board on all consumer insurance issues. The Commission's duties include the following:

- Keep the Board informed of significant developments, court cases, and pending legislation concerning consumer insurance matters, including automobile liability, homeowners', health and earthquake insurance;
- Submit regular and special reports and recommendations to the Board as appropriate;
- Develop information and make recommendations on methods for reducing costs of insurance;

- Develop recommendations which will improve consumer education and broaden community awareness regarding insurance issues;

With Board approval, the Commission may conduct public hearings, call witnesses and experts, present testimony, and participate in insurance matters before the Congress, the State Legislature, State Insurance Commission or other appropriate public bodies.

The Commission consists of ten members, two from each Supervisorial district. Members are appointed by each Supervisor based on experience/knowledge in the area of consumer insurance, and are expected to be broadly representative of the community.

The Commission is required to hold at least six meetings a year. From January 1, 2003 to March 31, 2006, the Commission held 19 meetings with an average attendance of 5.8 members (58%). Commissioners serve without compensation.

JUSTIFICATION

The Commission acts as an advisor to the Board on consumer insurance issues, and provides written reports and makes policy recommendations to the Board on insurance issues.

The Commission's accomplishments during this period include:

- Co-sponsored Community Information Fairs to spread awareness of the filing deadline for Holocaust era Insurance Claims, and to help individuals with the filing process.
- Submitted several legislative recommendations to the Board that were enacted as law.
- Requested that the Board support an extension to the Federal Terrorism Risk Insurance Act (TRIA), that was due to sunset on December 31, 2005. As a result of the Board's support, a modified extended version of TRIA was approved by Congress.
- Addressed County Workers' Compensation Program concerns, as requested by Supervisor Antonovich.
- Organized a workgroup to promote discussion of terrorism and disaster insurance issues.

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The Commission's objectives for the upcoming evaluation period are to address all insurance issues impacting consumers in the County, including legislation at the State and federal levels. The Commission will place emphasis on examining rising insurance costs, including auto insurance costs. The Commission will continue to track workers' compensation insurance issues and terrorism disaster insurance availability, including the County's exposure and preparedness in the event of a major disaster. In addition, the Commission is working to create an insurance information web page for County residents.

Please call if you have any questions.

JTM:MMO:JLS:MR

Attachments

- c: Scott J. Svonkin, Chair, Commission on Insurance
- Sachi A. Hamai, Executive Officer
- Robin A. Guerrero, Chief, Board Operations
- Jim Corbett, Manager, Commission Services

COMMISSION SUNSET REVIEW
LOS ANGELES COUNTY COMMISSION ON INSURANCE
REVIEW COMMENTS

Mission. (Does the mission statement agree with the Board of Supervisors' purpose and expectations?)

Stated mission is as set forth in the ordinance creating the Commission.
CONCUR

Section 1. Relevance (Is the mission still relevant and in agreement with the Board of Supervisors' purpose and expectations?)

The Commission advises the Board on consumer insurance issues. **RELEVANT**

Section 2. Meetings and Attendance. (Are required meetings held and is attendance satisfactory?)

The Commission is required to meet six times per year. From January 1, 2003 to March 31, 2006, the Commission held 19 meetings with an average attendance of 5.8 members (58%). **SATISFACTORY**

Sections 3 and 4. Accomplishments and Results. (Are listed accomplishments and results significant?)

Following are examples of the Commission's accomplishments during the evaluation period:

- Increased awareness of the deadline for filing claims with the International Commission on Holocaust era Insurance Claims. The Commission co-sponsored Community Information Fairs to spread awareness and help individuals with the filing process.
- Submitted several legislative recommendations to the Board. Two of the bills that became law were SB 1427, regarding low cost auto insurance, and SB20, which expands the low cost auto insurance to all counties as of April 1, 2006.
- Requested that the Board support an extension to the Federal Terrorism Risk Insurance Act (TRIA) that was due to sunset on December 31, 2005. If the Act were to expire, it would expose the County and residents to significant monetary loss in the event of a terrorist attack. As a result of the Board's support, a modified extended version of TRIA was approved by Congress.

- Addressed County Workers' Compensation Program (Workers' Comp) issues, as requested by Supervisor Antonovich. Commissioners met with County Workers' Comp staff and the Commission continues to monitor Workers' Comp issues.
- Promoted discussion of terrorism and disaster insurance issues by organizing a voluntary workgroup of Risk Managers from local governments, transit agencies, school and water districts, and airports. **SIGNIFICANT**

Section 5. Objectives. (Are the objectives compatible with the mission and goals and relevant within the current County environment?)

The Commission's objectives for the upcoming evaluation period are to address all insurance issues impacting consumers in the County, including legislation at the State and federal levels. The Commission will also examine the rising cost of insurance, with particular emphasis on auto insurance costs. The Commission will continue to track workers' compensation insurance issues and terrorism disaster insurance availability, including the County's exposure and preparedness in the event of a major disaster. In addition, the Commission is working to create an insurance information web page for County residents.
RELEVANT

Section 6. Resources. (Are the resources utilized by the entity in support of the entity's activities warranted in terms of the accomplishments and results?)

Commissioners serve without compensation and are not reimbursed for any travel expenses incurred in performance of the Commission's duties.
WARRANTED

Section 7. Recommendation.

EXTEND THE SUNSET REVIEW DATE FOR THE LOS ANGELES COUNTY COMMISSION ON INSURANCE TO MARCH 31, 2011.

Quarter Ending →		3/31/03	6/30/03	9/30/03	12/31/03	3/31/04	6/30/04	9/30/04	12/31/04	3/31/05	6/30/05	9/30/05	12/31/05	3/31/06	Totals	% Attended
Number of Meetings per Quarter →		2	2	0	2	2	2	1	0	2	1	2	1	2	19	
Commissioner	Nominated by															
Daniel Falcon, Jr.	Molina	2	2	-	2	2	2	1	-	2	0	2	0	1	16	84%
Patricia L. Torres	Molina	1	1	-	0	0	0	0	-	2	1	1	1	2	9	47%
Curren D. Price, Jr.	Burke	1	2	-	2	1	1	0	-	1	1	1	0	2	12	63%
Rickey Hie, Esq.	Burke	1	1	-	1	1	0	0	-						4	36%
Glenn S. Brown, J.D.	Burke									0	1	2	1	2	6	75%
Scott J. Svonkin	Yaroslavsky	1	2	-	2	2	2	1	-	2	1	2	1	2	18	95%
Barry R. Binder	Yaroslavsky	0	2	-	1	1	1	0	-	1	0	0	0	2	8	42%
Don Lee	Knabe	2	0	-	1	2	1	1	-	0	1	0	0	0	8	42%
Rose Reets	Knabe	1	1	-	0	0	0	0	-							
Steve Viencia	Knabe													2	2	100%
Michael G/Hao Cheung	Antonovich	1	2	-	0	1	1	0	-	1	0	1	1	1	9	47%
William K. Callagy	Antonovich	2	2	-	1	1	2	1	-	2	1	2	1	2	17	89%
Totals		12	15	0	10	11	10	4	0	11	6	11	5	16	111	
Average Attendance Per Meeting → 5.8																

Average Attendance Per Meeting